

---

A  
LETTER, &c.

---



A  
L E T T E R  
TO THE  
P R O P R I E T O R S  
OF  
E A S T I N D I A S T O C K ,  
ON THE  
P R E S E N T C R I S I S  
OF THE  
C O M P A N Y ' s A F F A I R S .

---

By J O H N P R I N S E P , E s q .

---

L O N D O N :  
P R I N T E D F O R J . D E B R E T , P I C C A D I L L Y ,

---

1793. 200





44  
3 29  
465



---

A

L E T T E R, &c.

---

**I**N a crisis like the present, when we are about to decide on the important point of a renewal of our charter, it behoves every man to give his opinion, where it possibly may prove serviceable: and it is perhaps the more incumbent on me in particular to discharge this duty, as a means of avoiding any seeming inconsistency in the several discussions of the Company's affairs which I have lately submitted to public consideration, which might otherwise be inferred from contrasting them with the line I took in yesterday's General

neral Court in supporting the very small minority against the motion of Mr. Serjeant Watson. It was my intention then to have offered my sentiments on the great question before the Court, had I not found your attention engaged by other members better entitled to it.

My ideas differ materially in some points from all of the speakers on that occasion. I shall ever doubt my own judgment when opposed to that of the worthy Chairman, or of those other Gentlemen who so well expressed their sentiments on the treaty with Government. Conceiving, however, that without an explanation of my unreserved opinion on the Company's situation at this important crisis, I may not be sufficiently understood; and that it is even possible the cause itself may reap some trifling elucidation from the hints I had hastily thrown together, I now venture to obtrude them on your notice.

I am the more desirous of discharging this duty of a Proprietor, notwithstanding the  
 masterly

masterly conduct of the Committee who brought the treaty with Government to the point we have heard reported; and the candour and liberality with which it has been conducted on the part of Administration; because, although every individual Proprietor appears equally well impressed with a sense of our obligations to both, the sentiments of Gentlemen of great weight and discernment seem still materially to differ as to the actual existing state of the Company's affairs from the accounts before us; and, moreover, as to the expedience and tendency of the proposed arrangements submitted to our consideration.

To these points I shall confine myself in the present address.

The actual state of the Company's affairs, we are taught to infer from the printed accounts laid before us. On these, permit me to observe, with regret  
merely



merely, but without a shadow of complaint, that neither the Committee nor Court of Directors have thought proper to offer any printed comment whatever, for guiding our judgment, or directing our steps, in the perilous paths we are about to tread. Although from a very cursory inspection of them, some difference appears in one or two of the totals from those of the corresponding statements laid this session before Parliament ; yet, as far as I have been able to discover, these differences have been satisfactorily accounted for in the notes of reference. In general therefore, I am disposed to admit the accounts to be correct, as I shall always be when I perceive the signatures of the two able servants who have authenticated them. Taking then, for granted, that these accounts are accurate, we are thence called on to approve of the deductions from them, as a justification of the arrangement of the surplus

surplus resulting from an average of former years revenue and trade, upon a peace establishment.

For my own part I am free to declare, that I have long learnt to depend on the regular and complete collection of the territorial revenues; and, knowing the improving state of the country, I have relied on the full extent of the estimated revenue as exhibited annually to Parliament. This expectation has in no instance been disappointed, at least in my immediate recollection.

I look forward therefore, in much more sanguine hope than the Directors have chosen to encourage, to the probable surplus of future years of peace in the East Indies.

The Constitution intended to be permanently fixed for that country, though in one point, according to my ideas, radically defective, yet contributing in so many others to afford additional comfort, and ex-

cite fresh industry in the inhabitants, cannot fail to improve the population and commerce, and, consequently, the revenues of India.

As to the mode which the Committee have adopted, in stating the distinct heads of collection and disbursement, nothing can be more explicit or satisfactory: perhaps, however, it might have been equally well, if the commercial expence had formed an item of the appropriation, instead of appearing as a deduction or charge, on the gross collections of revenue: since it appears that the commercial charges at each Presidency, not added to the invoice, ought nevertheless, to find place as an addition to the cost of goods, when sold, before any profit or loss, can be correctly stated to result from them. I nowhere find any remark, to lead persons superficially acquainted with our Accounts, to judge whether they are\*,

\* The estimate for the three Presidencies is stated 104,450l. per annum.



or are not brought afterwards to the debit of the Commerce : it should rather seem otherwise, by the mode of including them in the estimate of Revenue charges, which forms the first statement in the Committee's Report.—I am therefore still at a loss to draw any satisfactory conclusion as to the actual amount profit of our Import Sales.

It appears by the three Reports on the Export Trade, that we have lost by it on an average of six years, near 25,000*l.* per annum, which justifies to every candid Proprietor, the concessions required of us to licenced individuals. ✓

The terms, however, on which this indulgence is proposed to be admitted, I cannot but think destructive of the end professedly fought for, and, in different points of view, highly exceptionable. In the first place, fixing the rates of this licenced tonnage for the term of the new Charter, at 10*l.* outward, and 12*l.* homeward, seems binding the Company to

the same peace rate until its expiration. (An addition is provided for in time of War.) It is also leading Government into a contradiction of itself—into an abandonment of the Minister's stipulation, that the terms ought to be cheaper than those of individual Merchants. Whereas, these are actually above some of the Rates agreed for this year before the commencement of hostilities, and much higher than several tenders made in pursuance of the Advertisement for Tonnage.—Moreover, a confirmation of these terms to private traders by the Court of Proprietors, may possibly be adduced hereafter, as committing us to approve of contracting at the same rates for transporting the cargoes shipped on account of the Company. Instead, therefore, of irrevocably fixing the price of licenced freight to individuals, I would have proposed adjusting it at charter party rate, and specifically extending the licence to manufactured

manufactured India goods as well as to the raw materials.

I infer from what the Committee have declared in their able reports, and the Directors have produced in their statements, that we are not to rest our expectation on any profit from our general commerce, which should warrant an extension of dividend beyond its present standard of Eight per Cent. Perhaps, if we had no other dependence, it might not be either prudent or warrantable to divide so much—for, as I have taken occasion elsewhere to explain, our commerce is liable to many serious and heavy contingencies; several of which would extinguish all the profit we have any pretext to calculate on from our late unparalleled good fortune in escaping them.

The account, or rather estimate of cost, charges and sale, in one year, resulting from the supposed applicable surplus abroad,  
besides



besides the product of exports, gives an  
apparent profit of - - £ 743,632  
per annum.

The profit on private trade - 70,000

Total 813,632

I observe the charges—mer-  
chandize, and supercargo's com-  
mission, have exceeded the sum  
laid on the sales by - 75,702

Our present dividend  
of 8 per cent. amounts  
to - - - - 400,000

Interest on bonds and  
annuities - - - 217,273

693,475

Here, Gentlemen, is a charge  
of near seven hundred thousand  
pounds.

Remains 120,157

N. B.—This does not include interest on  
bills drawn for the bond debt—nor the dif-  
ference between 5 and 4 per cent. on bonds  
at home.

It is true, Government accounts for in-  
terest on your loans to them in the sum  
of - - - - - £ 126,000

Making together a reserve of 246,157  
for

for contingencies, on an export of merchandize, stores, and bullion, to China and India, of near one million prime cost, and of imports to the value of five million per ann.

It is here necessary to remark, that the profits on Imports are taken, above, without any allowance for interest of Money, which I should state for two years at 8 per cent per annum on the cost ; or of Insurance, which the Committee state at three per cent. on the Exports, and which I should double on the India returns, because both attach upon India goods from the moment advances are made to the manufacturer, to that of their delivery to the Purchaser in Leaden-hall Street.

Take only the latter—the insurance, as we will on this occasion suppose the revenues to have afforded a capital for the purchase of returns.

Six per cent. on 1,126,300 <i>l</i> .		
India, would be	- -	£.67,577
Three per cent. on 1,494,580 <i>l</i> .		
China	- - -	44,837
		<hr/>
		112,415
		<hr/>

So that there remains only, £137,742  
really applicable to contingencies,

I have thrown out these lights merely thereby to demonstrate that we can have no just dependance on the trade, as now conducted, for any further dividend. Probably many of you will be of my opinion.

I cannot here resist the inclination of congratulating you on this first instance in my remembrance, of our reaping the advantage of a statement of our affairs laid before us under the sanction of the Court of Directors. We have heretofore obtained them only by means of special Committees of Proprietors, and of other Committees appointed by the House of Commons. The public have of late been annually furnished  
with



with them by the Board of Controul, through the medium of Parliament. Doubtless, strong reasons must have existed, which do not occur to me, against affording us this information, as the grounds for declaration of the dividends we have actually enjoyed. Others still stronger must formerly have influenced the Court of Directors to rest content with imperfect information to their own Board, as to the degree of benefit or disadvantage resulting from the export and import sales.— The Court would not else have stated the former, in a memorial, dated 1788, to have been highly beneficial ; which turn out by the statements now also produced, to have been much the contrary for that period.

As it appears then, that no justification of an encreased dividend can be founded on our trading profits in time of peace, less dependence ought to be placed on them, in a period of actual hostility.

On the revenues alone are we to rely for

C

this

this proposed augmentation of two per cent. on our capital, or 100,000*l.* per annum.— And this boon we are to accept of from Government, in return for our trouble and risque in holding and remitting home the territorial revenues, which we have acquired, encumbered with a debt of nine millions, including arrears and unliquidated ascertained demands, on the 31<sup>st</sup> of January 1792.

This burthen at present is supposed to attach also on our mercantile funds, and on our credit in that character: and is to be moreover encreased with a conditional rent-charge of 500,000*l.* per ann. to Government. It is for this reason, Gentlemen, that I concurred with my able and honourable friend, in demurring on this clause of the treaty with Government. Not that I would contend against the power, because I feel it would be unavailing, or am perfectly convinced it is unaccompanied with a right to assume the territory, if we refuse to comply ;

ply ; nor, because I consider the bargain upon the whole to be disadvantageous, or attended with any great risque of our being out of pocket by it, now or hereafter, while the territories continue in our possession.

‘But I think, at the renewal of our Charter for so long a period as twenty years, during which, in all human probability, both the possessions and the trade will have to sustain some danger and constant fluctuation, that we ought to endeavour as much as possible to separate the two characters of this Corporation ; and in our trading capacity to revert as far as may be to the first principles of our institution.’

While we continued liable on any public emergency to be deprived of the revenues by a declaration of either House of Parliament, it was highly expedient to keep them blended ; but now, that we are going to receive a solemn sanction of the Legislature for our holding the sovereignty



of India, I can discover neither inconvenience nor impropriety in distinguishing the sovereign from the merchant; the exchequer from the compting-house.

I am therefore decidedly of my friend's opinion, that the trading capital, and the debts and credits belonging to our commerce, ought henceforward to be kept distinct and unincumbered with the debts or establishments of the territory.

It is not a sufficient warrant for us, that the Minister now declares, as he did on a former occasion, with the tacit consent of the House of Commons, " that it is obvious  
" to every person, that the debt (thus  
" transferred) must follow the revenues,  
" and be a burthen upon them in whatever  
" hands the collection and administration of  
" them may be."

Nor, that he should again promise, that  
" whatever may be the determination re-  
" specting those revenues, that the interest  
" of

“ of the Company must be considered in  
 “ some shape or other, and belong to the  
 “ proprietors of India stock.”

Such an answer, or rather opinion of a Minister, must indeed satisfy us proprietors, were the territories lost; but would be no legal discharge of our commercial capital against the bond and other claimants for debts incurred in defending them. For this reason especially, I again press on your minds, the absolute necessity of a legal distinction. If we are to pay near half the income of our estate ( $\frac{5}{11}$ ) as a quit-rent, and a like sum to the mortgagees, let not the mortgagees have a claim on our personal property; also, in case the estate prove unproductive, or be wrested out of our hands.

The Bank receives from the Public a large annual sum for its trouble in administering the department of receipt and expenditure at home. But if the land tax, the malt, or any other appropriated fund prove  
 deficient,

deficient, the State, and not that Corporation, make good the difference.

I am induced from a perusal of the accounts beforementioned, though with great diffidence and reluctance, to doubt the entire accuracy of another Honorable Member at a former Court, though supported by the Chair itself, that the whole additional charges of the war just concluded, had not cost us more than £1,200,000 beyond the peace establishment. I most sincerely wish I may be mistaken; but you, Gentlemen, shall decide.

I find our stock by computation on the 1st March, 1793,  
against us,        -        -        -        £4,144,592

On the 1st March, 1792, it  
was only        -        -        -        2,538,666

---

We are then worse at present  
by        -        -        -        1,605,926

Though we are stated to have  
gained by surplus revenues on  
a medium,        -        -        -        1,409,127  
And



And to have gained by our balance of import and export trade, a sum adequate to payment of all dividends, interest, and charges.

If, therefore, we are sixteen hundred thousand pounds worse, when we ought to have been fourteen hundred thousand better, I calculate that we are three millions deficient in a single year from this cause only.

The same mode of calculation will enable any one who has leisure, to estimate the consequences of future hostilities against the Indian powers, and, of course, the risks to which our commercial capital will remain liable, before perhaps the debt already incurred shall have been paid off in the mode now suggested.

In order to avert this alarming contingency, I would meet the Minister's ideas, with a proposal which he may possibly relish better than his own.

I would consent to pay as much of the  
applicable

applicable ascertained surplus Revenue beyond the £500,000l. appropriated towards extinguishing debts, and a sum to make up our annual dividends ten per cent. (provided each separate year's commerce should fall deficient under all circumstances) as shall amount to 700,000l. or 750,000l. per annum, which I hope it will some day or other exceed, provided Parliament consent to answer, as far as government shall have received, for all actual and future incumbrances on the territorial revenues. If any sum then remain, that also shall be assigned to Government, liable only to a similar call, or else be equally divided between the Public and the Company. In this manner I would frame the proposed sinking Fund for that purpose; and rather abandon all claim beyond this scanty remuneration, than accept of any recompence which shall be saddled with such dangerous responsibility.

And in order to establish another resource  
for

for the exigencies of our trade against the inevitable accidents to which a commerce like our's is liable, I would assume the merit of self-denial, and resist the temptation now offered us by retaining all surplus profit, beyond our present dividend of 8 per cent. which in any event would amount to 100000*l.* per annum, and may far exceed it:—in the first place, for extending our Trade and Capital, as far as prudence may warrant; and in the next, for clearing off all debts on it, of what nature soever.—We then should carry on our business with the same advantages over the present system, which an individual does who pays ready money, and buys accordingly, or takes his discount on purchases for time; over another who trades upon credit, and cannot always make good his payments as they fall due.

Under such circumstances, if our commerce hereafter, yield 100 per cent. or twice

D

as



as much upon our Capital Stock, as those of other great Companies have been known to do, we may boldly and safely appropriate the whole to ourselves, without-fear of imputation on our credit, or right in Government to controul or participate.

It has been alledged as a motive for augmenting our capital stock, that it is now too small for carrying on such an extensive commerce. But how will the proposed subscription obviate this objection? If the amount subscribed is to be applied to the discharge of four per cent. bonds, this in fact will only be a nominal encrease of capital, without even effecting a reduction of interest—Will it not be exchanging a creditor, with a limited interest, for a new partner in the corporation, whose concerns now again promise, under proper arrangement, great, encreasing, *unlimited* advantages to the proprietors?

The

The sum thus raised, instead of going into the commerce, is to be immediately applied towards extinguishing a loan, which, at the same time that it has answered the purposes of a capital to the borrowers, and of a productive fund to the lenders, has had every effect of a substitute for specie; and proved so safe and convenient a medium in the circulation of the company's dealings, that these bonds have generally borne a premium above their stipulated rate of interest, and beyond the proportion of those Government securities, which have been at the same time in use, and of which a sum equal to that of the India Bonds now proposed to be paid off (if not much exceeding it) will probably be thrown into the market.

These ideas, Gentlemen, struck me forcibly on reading over the printed papers delivered yesterday as I entered the Court. No time is left for examining or digesting them. I am therefore fully conscious they may be  
crudely

crudely conceived or possibly impracticable. Nevertheless, as they are in some measure corroborated by the more mature opinions declared by others, whose abilities you seemed to respect; and if fortunately any of mine should be attainable, the benefits are of the first importance; I could not resist the temptation of submitting them for your consideration, against we are next convened for the further discussion of this important business.

I have the Honour to be,  
Ladies and Gentlemen,  
Your most obedient, humble Servant,

J. PRINSEP.

*London,*  
*Feb. 26, 1793.* }



*M*





crudely conceived or possibly impracticable. Nevertheless, as they are in some measure corroborated by the more mature opinions declared by others, whose abilities you seemed to respect ; and if fortunately any of mine should be attainable, the benefits are of the first importance ; I could not resist the temptation of submitting them for your consideration, against we are next convened for the further discussion of this important business.

I have the Honour to be,  
Ladies and Gentlemen,  
Your most obedient, humble Servant,

J. PRINSEP.

*London,*  
*Feb. 26, 1793.* }



*W*

